

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

May 28, 2003

LB 596, 608A

were in the federal tax law, so that although the tax...you'd get the breaks, the federal tax credits and the tax cuts, but that wouldn't necessarily trigger a cut in Nebraska. And Senator Beutler asked me, did we get to all of the tax cuts? And the answer proves to be, no, we didn't. There were two that were left out. And one of them is just so darn difficult, our Revenue Department hasn't found a way to hold Nebraska harmless. So we do not have a response to the tax cut in the alternative minimum tax. However, this would replace the add-back with a new one that would be more appropriate, and fit better, this amendment would, for increased capital expensing. Under the conference report...and we didn't have this before us when we drafted the legislation that we passed before. Under the conference report, small businesses are allowed to expense capital purchases up to \$100,000 annually, and that's an increase from \$25,000 under previous law. This amendment provides that any capital expensing taken under Section 179 that is in excess of \$25,000 is added back for Nebraska tax purposes. Any expenses added back under this provision may be later subtracted, beginning in tax year 2006. The subtracted amount would be 20 percent of the total amount added back in 2006 and each of the four following years. This is identical to the way that bonus depreciation was treated last year in LB 1085, and the way the additional bonus depreciation is treated in the first part of LB 596. In other words, we found in the conference report that there was this one piece that was left over. We didn't have a response for it. We used exactly the same mechanism that we've used for bonus depreciation which appears elsewhere in LB 596, and we used it last year. This will not adjust for the alternative minimum tax. On that score, we are going to get some kind of impact to Nebraska. However, this amendment will retain about \$6.2 million for the biennium. This is money that up until this year we would have gotten, and but for a change by the federal government we would continue to receive. And now because of this amendment we will continue to receive it under Nebraska law. I would ask for adoption of AM2108, since it essentially protects our existing tax base to the tune of \$6.2 million. And by the way, if that's successful, I will ask for an amendment to LB 608A, because the personnel to carry out these provisions is in that A bill, and we'll need two Revenue Department folks to do this, to make sure that we follow